

# Staff Report

*Prepared by the Town Manager's office and Planning Department*

## **A Development Agreement**

Tonight, the Council may consider Kidzu's request to pursue a Development Agreement for use of the town's property near Southern Village for a future children's museum.

This memorandum outlines a process for negotiating a Development Agreement and identifies key topics to be addressed in the process. Pursuing a Development Agreement will likely allow both parties to identify additional topics for consideration, which is consistent with the spirit of engaging in good faith, transparent discussions between the Town and Kidzu, with updates to the Town Council as necessary.

### **Fiscal Impact/Resources:**

Negotiating a Development Agreement will require an investment of Town resources, primarily Town staff time and expertise, as well as an investment in consultant expertise, technical work, and time from the Kidzu team.

During any development process, the Town charges an application fee to cover the cost of professional staff time. The Town [fee schedule<sup>1</sup>](#) says Development Agreement fees are "to be negotiated" and notes that public meetings (more than 5) should be charged by staff hourly rates. We propose that a fee for this Development Agreement be based on actual staff time to negotiate the agreement and that the applicant pay for any supporting professional services (traffic study, engineering reports, surveys, plan preparation, etc.) that are typically part of an entitlement process.

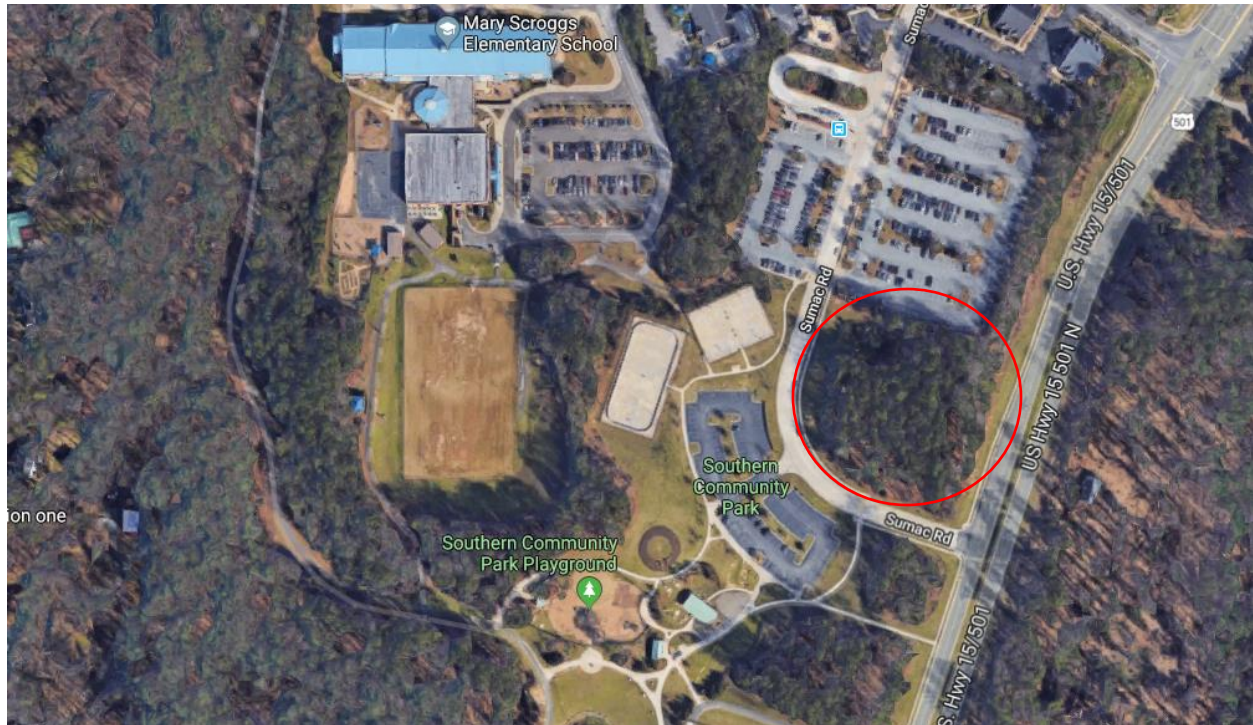
A Special Use Permit fee, which is similar in its scope of effort for this particular project, would be \$7,785 + \$30/100 square feet. For the 30,000 square foot proposed building, that fee would be \$16,785. One third of the fee could be paid to start the process, one third at the mid-point of the process, and one-third prior to the public hearing on the development agreement. Town staff can track their time spent on this project, taking care to use only essential time and services, and if the cost of that time is estimated to come within 10% of the proposed fee, Kidzu and the Town would negotiate an additional fee.

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<sup>1</sup> <https://www.townofchapelhill.org/town-hall/departments-services/business-management/fee-schedules/planning-development-fee-schedule>

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## Area Map



## Development Agreements

In Chapel Hill, Development Agreements have authorized large, complex, or multi-year projects. The Council has considered and approved five Development Agreements (see attachment) including:

- [Carolina North](#)<sup>2</sup>
- [Glen Lennox](#)<sup>3</sup>
- [Obey Creek](#)<sup>4</sup>
- [Fire Station #2/Hamilton Road](#)<sup>5</sup>
- [Municipal Services Center](#)<sup>6</sup>

The process used to draft a Development Agreement varies depending on the type of proposal. Basic project profiles include **Single-Building or One-Phase Projects** such as Fire Station #2/Hamilton Road, **Multi-Building or Multi-Phase Projects** such as Glen

<sup>2</sup> <http://www.townofchapelhill.org/town-hall/news-events/current-issues/carolina-north/carolina-north>

<sup>3</sup> <https://www.townofchapelhill.org/town-hall/departments-services/planning-and-sustainability/development/development-agreement-projects/glen-lennox>

<sup>4</sup> <https://www.townofchapelhill.org/town-hall/departments-services/planning-and-sustainability/development-activity-report/obey-creek-development-agreement>

<sup>5</sup> <https://www.townofchapelhill.org/town-hall/departments-services/planning-and-sustainability/development-activity-report/fire-station-2-hamilton-road>

<sup>6</sup> <https://www.townofchapelhill.org/town-hall/departments-services/communications-and-public-affairs/current-issues/possible-joint-use-project-between-the-town-and-unc-chapel-hill-on-est>

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Lennox and Obey Creek, and **Public/Private Partnerships** like the Fire Station #2/Hamilton Road, but could also include larger joint efforts as well. Key process elements may include Council work sessions, Council committees, community meetings/forums, and reviews by Town staff, and legal review.

## **A Development Agreement for Kidzu**

A Development Agreement could anticipate the long-range needs of future Town interests in the property Kidzu could lease from the Town while setting out the immediate parameters and technical requirements for a museum and its infrastructure. The Development Agreement is also an appropriate tool, much like the Fire Station #2/Hamilton Road project, to coordinate shared use of the site over time, whether for a Town use or a future museum expansion.

Since the Development Agreement would be primarily technical, not policy driven, we recommend that the Town Council consider authorizing the Town Manager and Town Attorney to:

- Receive technical recommendations from the Town Staff;
- Support community and advisory board/commission discussions focused on topics of high-interest to the community and adjacent property owners;
- Work with Kidzu on a business agreement for landlord/lessee topics; and
- Recommend a draft Development Agreement to the Planning Commission and a Council Committee (if desired) for review prior to recommending a rezoning and final agreement for a public hearing.

This attached Development Agreement Process framework outlines these steps.

## **Next Steps**

If the Council wishes to proceed with a Development Agreement, we would pursue the following steps:

- Establish a schedule for community and advisory board and commission engagement, including some review and refinement opportunities.
- Receive and review studies and basic site evaluation/exploration to inform the refinement process such as:
  - Traffic Impact Analysis
  - Stormwater Alternatives Analysis
  - Site investigation
- Engage Town department stakeholders during design process
- Engage with Kidzu to refine their concept for the site based on community engagement outcomes and technical information,
- Develop a draft Development Agreement
- Share full draft agreement with Planning Commission and others, as interested, in the late 2019 or early 2020.
- Advertise and hold a public hearing for rezoning and Development Agreement consideration before Council recess in June 2020.